

# **CITY OF HAYWARD**

**and**

## **SERVICE EMPLOYEES INTERNATIONAL UNION – LOCAL 1021**

### **MAINTENANCE AND OPERATIONS UNIT**

#### **SIDE LETTER OF AGREEMENT**

**RE: Amends Provisions for Salary Increases, Employee PERS Contributions, Deferred Compensation, VEBA, and Vacation Leave**

This Side Letter of Agreement is made between the City of Hayward ("City") and the Service Employees International Union, Local 1021, Maintenance and Operations Unit ("Local 1021") and amends certain provisions of the current Memorandum of Understanding effective May 1, 2007 and extended through April 30, 2013 (hereinafter referred to as the "2007-2013 MOU") between the parties regarding salary increases, VEBA and deferred compensation, payment of employee PERS contributions, and vacation leave.

The parties have met in good faith on the projected revenue shortfall facing the City of Hayward ("City") for FY 2013. During the parties' discussions, the City identified a savings target of 15% for FY 2013, to be increased to 17% for FY 2014. The parties have reached agreement on the various concessions identified in this Side Letter. These concessions are intended to aid the City in maintaining routine and necessary services. These measures will partially mitigate the City's revenue shortfall for FY 2013. Although the savings reflected in this Side Letter do not achieve the full 15% target identified for FY 2013, the savings reflect a phased-in approach towards reaching the 17% target discussed for FY 2014.

The City and Local 1021 agree that the terms of this Side Letter of Agreement shall be effective July 1, 2012 and remain in effect for the remainder of the term of the 2007-2013 MOU and until the parties have completed the meet and confer process for a successor MOU. The terms of this Side Letter shall supersede and replace all other Side Letter and MOU provisions on the specific topics identified below.

#### **1. SALARY**

##### **Section 9.00 Salaries**

The parties agree to delete the provision of the June 23, 2010 Side Letter between the City and Local 1021, which amended Section 9.0 of the 2007-2013 MOU in its entirety. There will be no adjustment to salaries.

### **Section 9.01 Salary Survey Maintenance**

These sections shall be amended to provide for a salary survey as defined in said sections by February 1, 2013 instead of February 1, 2011. The City and SEIU shall share the costs equally for consultant services required to conduct such survey.

### **Section 9.04 Employee Savings for FY 2012 (July 1, 2011 through June 30, 2012)**

The parties agree that the provision of the June 23, 2010 Side Letter between the City and Local 1021, which added Section 9.04 to the 2007-2013 MOU has expired by its terms and is hereby deleted.

## **2. DENTAL INSURANCE**

### **Section 7.03 Dental Insurance**

Effective with the pay period including July 1, 2012, Section 7.03 of the 2007-2013 MOU shall be deleted in its entirety and replaced with the following language:

Beginning with the pay period that includes July 1, 2012, the City's contribution on behalf of an eligible employee participating in a City-sponsored dental plan shall be equal to eighty percent (80%) of the monthly premium for dental insurance, as determined by the employee's enrolled participation level in the City sponsored dental plan. Employees enrolled in dental insurance are required to contribute the remaining twenty percent (20%) of the premium costs for dental insurance coverage.

Monthly premium rates are established on a calendar year basis by the insurance provider, or in the case of a self-funded plan, by a third party who will consider plan utilization, market trends, overall plan costs and any other industry standard metrics deemed necessary by the third party.

For calendar year 2012, the City will provide insurance coverage through a Delta Dental plan which includes the following: 100% payment of diagnostic and preventative services; 80% payment for other basic services, and crowns and caps restoration; 70% payment for prosthodontics; 70% payment for orthodontics (adults and children). Deductible each calendar year shall be \$25.00 per person, to a maximum per year of \$75.00 per family. Maximum benefit payment shall be \$2,000 per year for each patient except for orthodontics which shall carry a \$2,500 lifetime maximum benefit per patient.

The City reserves the right to provide dental care benefits under a plan or through a carrier of its choice. Alternate coverage may be provided through a consortium of public agencies or private employers which may be formed for the purpose of providing dental care benefits for employees through a program of self-insurance. In the event the City exercises this option the alternate coverage shall be substantially equivalent to the coverage in effect at such time as the change in carriers takes effect.

### **3. VISION CARE**

#### **Section 7.08 Vision Care**

Effective with the pay period including July 1, 2012, Section 7.08 of the 2007-2013 MOU shall be deleted in its entirety and replaced with the following language:

The City shall contribute towards vision care insurance for full-time employees and their eligible dependents. For calendar year 2012, the City will provide vision insurance coverage through VSP, under a plan that provides for a \$15.00 deductible, and an eye examination, lenses and frames once per year.

Beginning with the pay period that includes July 1, 2012 the cost of the monthly premium shall be shared equally (50/50) between the employee and the City.

Monthly premium rates are established on a calendar year basis by the insurance provider, or in the case of a self-funded plan, by a third party who will consider plan utilization, market trends, overall plan costs and any other industry standard metrics deemed necessary by the third party.

The City reserves the right to provide vision care benefits under a self-funded plan or through a carrier of its choice. Alternate coverage may be provided through a consortium of public agencies or private employers which may be formed for the purpose of providing vision care benefits for employees, or through a program of self-insurance. In the event the City exercises its option to move to a self-funded plan or to change insurance carriers, any new benefit plan shall provide coverage that is substantially equivalent to the coverage available at the time this option is exercised.

### **4. RETIREMENT**

#### **Section 10.01 Retirement Program**

Effective with the pay period including July 1, 2012, Section 10.01 of the 2007-2013 MOU shall be deleted in its entirety and replaced with the following language:

The City will continue to contract with the Public Employees' Retirement System (PERS) to provide a retirement program for bargaining unit members. Benefits shall include:

1. 2.5% @ 55 benefit formula
2. Fourth Level of 1959 Survivor's Benefits
3. One (1) Year Final Compensation
4. Military Service Credit as Public Service
5. Continuation of Pre-Retirement Death Benefit after Remarriage of Survivor
6. \$500 Retired Death Benefit

7. 2% Annual Cost-of-Living Allowance Increase

These benefit plans require an employee contribution of eight percent (8%). Employees shall pay the full employee contribution of eight percent (8%), which shall be paid by the employee on a pre-tax basis in accordance with the IRS Section 414(h) (2) method of reporting retirement payments.

An employee, who is not eligible for enrollment in the Public Employees' Retirement System and who, in accordance with the federal Omnibus Budget Reconciliation Act of 1990, is required to be covered by Social Security or an alternate system shall be enrolled in the Public Agency Retirement System (PARS). The City shall contribute 3.75 percent of covered earnings into the employee's PARS account.

5. **DEFERRED COMPENSATION**

**Section 10.03 Deferred Compensation**

Effective with the pay period including July 1, 2012, the City will no longer provide an employer contribution to a deferred compensation plan on behalf of any Local 1021 represented employees. Employees may continue to make employee contributions in accordance with the terms of any Deferred Compensation Plan and subject to State and Federal tax law requirements.

6. **VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION PLAN (VEBA)**

Effective with the pay period including July 1, 2012, the City will no longer provide an employer contribution to a VEBA plan on behalf of any Local 1021 represented employees. Employees may continue to make employee contributions in accordance with the terms of side letter agreement that will be negotiated by the parties and subject to State and Federal tax law requirements.

7. **VACATIONS**

**Section 12.02 Vacation Leave Allowance**

Effective with the pay period including July 1, 2012, Section 12.02 of the 2007-2013 MOU shall be deleted in its entirety and replaced with the following language:

Full-time employees other than temporary and provisional employees shall accrue vacation leave benefits each payroll period based upon the number of hours the employee is entitled.

Full-time vacation accrual rates for employees who are budgeted and work full-time are as follows:

	Per 80 Hr.	Hourly	
Years of Service	Period	Equivalent	Annual
Up to 5 yrs. ....	3.08 hrs.....	0.0385 hrs. ....	80 hrs.

From 5 to 9 yrs. ....4.62 hrs..... 0.0578 hrs. .... 120 hrs.  
 From 10 to 19 yrs. ....6.16 hrs..... 0.077 hrs. .... 160 hrs.  
 From 20 yrs. ....7.70 hrs..... 0.0963 hrs. .... 200 hrs.

For purposes of crediting service time for vacation accruals, a former employee who is reinstated after an absence of more than one year shall not receive credit for his/her prior service time nor will an employee who was serving in a temporary, provisional or contracted appointment and appointed to a regular appointment be credited with his/her temporary, provisional or contract service time.

Vacation leave can be accrued but shall not be granted during the first six (6) months of service. Vacation is accrued for all regular hours worked and shall continue to be earned during other authorized leaves with pay. When a holiday falls during an employee's absence on vacation leave, it shall not be deducted from employee's accrued leave.

The maximum vacation accrual cap shall be twice the employee's annual rate plus forty (40) hours, and the City Manager or designee will allow employees who exceed the cap to use the excess vacation leave by the end of the pay period including June 30, 2013. Effective the end of the pay period including June 30, 2013, the vacation accrual cap will be reinstated pursuant to the 2007-2013 MOU section 12.02 (twice the annual rate).

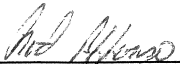
Employees will be allowed a one-time vacation leave payout not to exceed thirty (30) hours of accrued vacation leave during the period of July 1, 2012 through April 30, 2013.


Employees interested in cashing out will submit a written request to the Payroll Department. Requests will not be accepted after April 30, 2013. The request will be processed within two (2) pay periods of receipt of the request. Payout will be included in the biweekly payroll and said cash out will be subject to applicable state and federal taxes.

## 8. BUSINESS CLOSURES

In the event that the City Manager determines that business closures may be beneficial, the City agrees to provide the Union with notice of that decision and an opportunity to meet and confer, as required under the provisions of the Meyers-Milias Brown Act.

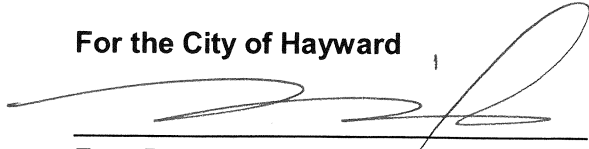
**For Local 1021**


  
 Maintenance Unit- Rod Affonso

  
 Margaret Cunningham, Representative

4-12-12  
 Date

**For the City of Hayward**

  
 Fran David, City Manager

  
 Frances Robustelli, HR Director

4-17-2012  
 Date